

1 **MINUTES**

2 Policemen's Pension and Relief Fund

3 Thursday, December 8, 2011

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5 On Thursday, December 8, 2011 at approximately 9:00 a.m., a meeting of the Board of Trustees of the
6 Policemen's Pension and Relief Fund of the City of Little Rock, Arkansas was held in the Sister Cities
7 Conference Room at City Hall.

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10 **Agenda Item #1. Call to Order/Roll Call**

11 [00.00.00 into the pension audio]

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13 The Chairman called the meeting to order at approximately 9:00 hours and certified that a
14 quorum of the Board was present. The Roll Call was as follows:

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PRESENT: Bruce Moore Chairman
Sara Lenehan Treasurer
Steve Young Secretary
Farris Hensley Member
Lee Harrod Member
Don Wood Member
Rusty Watson Member

ABSENT:

16 Also present were Ms. Joan Adcock, of the City Board of Directors; Mr. Bo Brister, Mr. Alex
17 Jordan, and Mr. Larry Middleton of Stephens Capital Management, Financial Consultants for
18 the Fund; Mr. Roger Smith, the Pension Fund Lobbyist; and Ms. Debbie Pharr and Ms. Kathy
19 Lindsey, of the Pension Fund Administrative Staff.

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21 **Agenda Item #2. Notification of News Media.**

22 [00.00.10 into the pension meeting audio.]

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24 The Chairman noted that media had been properly notified in a letter to the Arkansas Democrat
25 Gazette dated November 23, 2011.

26 **Agenda Item #3. Exigent Business.**

27 [00.00.14 into the pension meeting audio.]

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29 Mr. Hensley suggested the Board examine the issue raised by City Director Adcock during the
30 prior Funding Committee Meeting of using the City Attorney as the Board's legal counsel and
31 made a motion [00.04.15 into the pension meeting audio], for the purpose of discussion, "to ask
32 the City Attorney's Office to serve as the general counsel for this Board but, if there is any
33 perceived conflict of interest by a Board Member, then we also have onboard and keep
34 retained, a counsel to go to, to handle that issue with which there is a perceived conflict." Mr.
35 Harrod seconded that motion. After considerable discussion by the Board, Mr. Hensley and
36 Mr. Harrod withdrew that motion after the Chairman suggested the Board wait until the next

pension meeting to allow time for the City Attorney to attend that pension board meeting and address several issues of concern.

Agenda Item #4. Approval of the November Regular Meeting Minutes

[00.24.46 into the pension meeting audio.]

Ms. Lenehan made a motion that the last statement in Agenda Item 10 E be changed from “only Sara Lenehan abstaining because a relative had applied” to “only Sara Lenehan abstaining because a relative is a partner in a firm that had applied.” Mr. Harrod seconded that motion that passed by a unanimous vote of the Board.

Ms. Lenehan then made a motion [00.26.20 into the pension meeting audio] to approve the minutes as amended that was seconded by Mr. Harrod and passed by a unanimous vote of the Board.

Agenda Item #5. Report from Board Legal Consultant

[00.27.33 into the pension meeting audio.]

[Legal Consultant was not present.]

Agenda Item #6. Report from Board Financial Consultant

[00.27.36 into the pension meeting audio]

- A. November Financial Report —Mr. Brister, Financial Consultant for the Fund, gave the November 2011 financial report and stated that on November 30, 2011, the market value of the total Fund was \$43,133,994, not including accrued income of \$41,260. Of that amount, \$24,187,634.18 was allocated to DROP and the Fund’s non-DROP portion was \$18,946,359.82. This represents a decrease in the account balance of (\$243,418) since the October 31, 2011 total amount of \$43,377,412. The component of this change was unrealized income of \$97,087.05 and net contributions/withdrawals of \$1.267.05. [Note: The amounts quoted in the previous sentence are drawn from figures available in other sections of the financial report and are not presented for computational value.] The Fund’s overall market rate of return for the month of November 2011 was (0.54%) and 0.99% calendar year to date.
- B. Mr. Middleton stated [00.45.09 into the pension meeting audio] that they attended the last PRB meeting where the PRB Actuary made a proposal to go to a standard discount rate for all pension funds of between 3 and 5% that would have had a “dramatic impact on the perceived actuarial soundness” that would not be good for our fund. As a result of the dialog and the presentation made by Stephens on this issue, the PRB decided to leave the discount rate at its current 5% rate for the next two years rather than a reduced rate of 3% that would have had a dramatic impact on cash flow studies.

Agenda Item #7. Report of Board Lobbyist

[00.49.19 into the pension meeting audio]

Mr. Smith reported that the legislature has done a series of Retirement Committee meetings that have been heavily attended by the State's teachers. The purpose of those meetings was to invite the public to attend and comment with respect to State retirement programs; however, Mr. Smith does not believe there is any threat to our pension plan from these meetings or the legislature.

Agenda Item #8. Report from Board Chairman

[00.57.20 into the pension meeting audio]

- A. Report on non-smoker's insurance premium discount — Mr. Moore stated he really didn't have anything new to add to this topic at this time; however, Mr. Harrod spoke in favor of such a discount if the pension member first obtained a doctor's certification that they do not smoke.
- B. Mr. Young asked the Chairman if the City was going to supply Wi-Fi access in the conference room and Mr. Moore stated that, in the next month or two, it should be completed and available throughout City Hall.
- C. Mr. Young also asked the Chairman if the City would provide space on their website for our pension board audio and Mr. Moore stated he would have to check into that further.

Agenda Item #9. Report from Board Secretary

[01.08.07 into the pension meeting audio.]

[The Secretary had no report]

Agenda Item #10. Report from Board Treasurer

[01.08.20 into the pension meeting audio.]

A. Financial Reports for November

The Treasurer submitted copies of the un-audited financial report for November 30, 2011. Net Income/Loss to the plan year to date was (\$4,443,802). The report indicated that as of November 30, 2011, the total account fund balance including the DROP was \$44,563,570. The net income/(loss) for the month of November was \$337,464.

Also submitted were copies of the November 2011 expense and legal fee reports. Total expenditures, excluding benefit related expenses, were \$1,396.77 for the month and \$36,719.58 year to date. Legal fees paid were \$89,815.42 year to date.

Following the review of the November financial and expense reports, Mr. Harrod made a motion to approve them as submitted that was seconded by Mr. Hensley. The motion passed by a unanimous vote of the Board.

B. Report on change of membership status [01.15.43 into the pension meeting audio] — Mr. Hensley made a motion to remove Mr. Willie Harris from our pension rolls who received a monthly benefit of \$1,362.47 because he passed away on November 25, 2011 and place his widow, Mrs. Louise Harris, on the pension rolls to receive a benefit of \$1,362.47 monthly effective December 1, 2011 and send Mr. Harris's estate a death benefit payment of \$6,500 with our sincere condolences. Ms. Lenehan seconded the motion that passed by a unanimous vote of the Board.

C. Response to question concerning the Treasurer's email notification [01.16.36 into the pension meeting audio] — Ms. Lenehan stated she had followed up with the ARCPA and still did not have a response to the legal question. This issue was tabled until the next pension board meeting.

Agenda Item #11. Board Member Topics of Discussion

[01.19.09 into the pension meeting audio]

A. Audit of Membership for eligibility (Mr. Hensley) — Mr. Hensley and Mr. Harrod suggested the pension board administrative staff contact the PRB because they have a company they contract who has a comprehensive database called a "death bank" they run on beneficiaries every few months that checks deaths through social security for very little costs and report to our Board in the January meeting to report the costs to our fund to have such a service.

Agenda Item #12. Fund Members Comments

[01.26.33 into the pension meeting audio]

[No pension fund members other than those on the Board were present.]

Agenda Item #13. Other Business

[01.26.38 into the pension meeting audio]

Mr. Hensley mentioned that the Arkansas Supreme Court had ruled on the lawsuit in our pension fund's favor; however, Mr. Hensley stated Mr. Overstreet, our fund's attorney, was out of town and he didn't know if attorney fees were a part of the court's ruling.

Ms. Lenehan mentioned that our Fund had been removed from the PRB's Projected Insolvency list and requested that fact be placed into the Minutes of this meeting and that is hereby done.

A. Ms. Lenehan also mentioned that the Schedule of 2012 Meetings was contained in the Pension Packet.

Mr. Harrod then recommended we have another Funding Committee meeting immediately preceding our next pension meeting that was approved by the Board.

Agenda Item #14. Adjourn Meeting

[01.37.56 into the pension meeting audio.]

Mr. Hensley made a motion to adjourn the meeting and Ms. Lenehan seconded the motion that passed by a unanimous vote of the Board at approximately 10:38 am.

Respectfully Submitted,

Stephen R. Young
Board Secretary

[Approved as amended on 12-08-11]